

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01  
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02  
CIEP-02 LAB-04 SIL-01 OMB-01 FEA-01 INT-05 PA-02  
PRS-01 STR-04 L-03 H-02 /084 W  
-----062154Z 096186 /63

R 062005Z JAN 77  
FM AMEMBASSY BUENOS AIRES  
TO SECSTATE WASHDC 8445

UNCLAS BUENOS AIRES 0130

E.O. 11652: N/A  
TAGS: EAID, EFIN, AR  
SUBJ: PENDING IDB PROJECTS

REF: A)STATE 263316; (B) BA-7275

1. EMBASSY INFORMED THAT BOTH THE IDB AND GOA HAVE PREPARED STUDIES EVALUATING SOCIO-ECONOMIC DEVELOPMENT ASPECTS OF THE BAHIA BLANCA PETROCHEMICAL COMPLEX. LOCAL AUTHORITIES ARE UNWILLING TO RELEASE THIS INFORMATION AT THIS TIME. IT MAY BE AVAILABLE THROUGH IDB HEADQUARTERS IN WASHINGTON, HOWEVER. NEVERTHELESS, INFORMAL INQUIRIES INDICATE GENERAL CONSENSUS AMONG GOA OFFICIALS AND INDUSTRIAL LEADERS IS THAT THIS PROJECT HAS TOP PRIORITY AMONG GOA'S LIST OF INVESTMENT PRIORITIES. BECAUSE OF EXTERNAL ECONOMICS GENERATED AND MULTIPLIER EFFECTS IN REGION AND ON REST OF ECONOMY IT WILL HAVE GREATEST IMPACT ON DEVELOPMENT AND GENERAL WELFARE.

2. AT PRESENT, THE GOA APPEARS TO BE GIVING THE PORT OF BAHIA BLANCA SPECIAL EMPHASIS AS A PRIMARY POLE OF FOCUS FOR REGIONAL DEVELOPMENT OF THE SOUTH OF BUENOS AIRES PROVINCE AND THE  
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COLORADO AND NEGRO RIVER VALLEYS, AS WELL, AS THE PROV. OF RIOS NEGRO, NUEQUEN, AND CHUBUT. THE CREATION OF AN INDUSTRIAL NUCLEUS BUILT AROUND THE PETROCHEMICAL COMPLEX (INCLUDING THE DOWN-STEAM PLANTS) WILL GO A LONG WAY TO ACHIEVING THE GOA'S OVERALL GOAL OF ECONOMIC DEVELOPMENT OF THIS OUTLYING REGION. BY CREATING A NEW CENTER OF DEMAND

FOR THE REGION'S PRODUCTS, IT WILL ALSO SERVE TO ARREST THE TREND OF EMIGRATION FROM THE REGION. ALREADY, LARGE SUMS HAVE BEEN INVESTED IN TERMS OF INFRASTRUCTURE IN PROJECTS WHICH RELATE DIRECTLY TO THE COMPLEX, E.G., TRANSPORTATION, AND IN UNIVERSITY AND TECHNICAL TRAINING PROGRAMS.

3. WITH RESPECT TO PROJECT BENEFICIARIES, OUR INFORMATION INDICATES THAT, TAKING INTO ACCOUNT THE NINE PLANTS INTEGRATED IN OR RELATED TO BE COMPLEX, DIRECT EMPLOYMENT WILL REACH 1,100-1,200 AFTER START-UP. TAKING AN EMPLOYMENT MULTIPLIER OF 5 TO 1 FOR FIRMS SERVICING THE COMPLEX AND FIRMS USING THE PETROCHEMICAL PRODUCTS PRODUCED BY THE COMPLEX, GOA OFFICIALS ESTIMATE TOTAL DIRECT AND INDIRECT NEW EMPLOYMENT OPPORTUNITIES WILL TOTAL 7,000 AND, ASSUMING AN AVERAGE FAMILY SIZE OF 4, WILL PROVIDE A LIVELIHOOD FOR 28,000 PEOPLE. DURING THE CONSTRUCTION PHASE, EXPECTED TO PEAK IN 1978/79. ESTIMATES ARE THAT DIRECT EMPLOYMENT WILL TOTAL 8,000 WITH AN INDIRECT COMPONENT EQUAL TO ONE AND HALF TIMES THIS FIGURE. THIS PROJECT COULD ALSO MAKE AN IMPORTANT CONTRIBUTION TO ARGENTINA'S ECONOMIC RECOVERY FROM THE CURRENT RECESSION AND THEREFORE TO EMPLOYMENT AND REAL WAGE LEVELS THROUGHOUT ARGENTINA.

4. FOR THE MOST PART DIRECT BENEFICIARIES (WORKING IN PLANT) ARE SKILLED WORKERS AND TECHNICIANS. ENGINEERS, MANAGERS AND OTHER PROFESSIONALS RE-  
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PRESENT A SIGNIFICANT PROPORTION OF THE WORK FORCE AS WELL. AMONG THE LATTER GROUP WOULD BE INCLUDED FUTURE GRADUATES OF THE UNIVERSITY OF BAHIA BLANCA WHO ARE BEING AND HAVE BEEN PREPARING FOR JOB OPENINGS IN THIS INDUSTRY. BENEFICIARIES DURING CONSTRUCTION STAGE AND INDIRECT BENEFICIARIES IN SERVICE AND END USER INDUSTRIES WOULD TEND TO INCLUDE GREATER PROPORTION OF UNSKILLED WORKERS THOUGH PROPORTION WITH ANY PRECISION.

5. THE PROJECT WILL ALSO RESULT IN FOREIGN EXCHANGE SAVINGS FROM IMPORT REPLACEMENT OF ETHYLENE, POLYETHYLENE, CVM AND PVC, VALUED AT \$172 MILLION DOLLARS PER ANNUM IN 1974. SAVINGS IN 1980 ARE ESTIMATED AT \$500 MILLION DOLLARS.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009